BRIEFING

European Parliament

# Measuring social progress in EU regions


## SUMMARY

The social dimension has long been present on the European Union agenda. Recently, it has gained greater significance, particularly in contexts such as the EU governance framework (the European Semester), and economic and monetary union, as well as the reflection process on the future of the EU. Initiatives to measure the EU's social situation and the social impact of EU policies have produced a number of indicators that complement the assessment of economic performance. These measurements can help present a more comprehensive picture of the state of European societies.

The EU regional Social Progress Index provides an overview of aspects including health, access to education, environmental quality, housing, personal rights and inclusion. The 2016 findings give a mixed picture of social progress across EU regions. Generally, Nordic and Dutch regions figure among the top performers, with southern and eastern regions lagging behind. However, the picture becomes more nuanced when specific dimensions of social progress are taken into account. The index also shows that social progress scores do not always correlate with a region's GDP.

Improving social progress is also relevant to EU cohesion policy, one of the goals of which is to achieve social, economic and territorial cohesion, while also reducing regional disparities. Regional investments can therefore be geared to support both economic performance and social progress. The role and application of new indicators and indexes in this process is currently being explored with a view to establishing how they can be used in policy to support real change, for instance by monitoring developments, identifying priorities, and evaluating progress.

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In this Briefing




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# Background

The Treaty on European Union (Article 3(3)) mentions social progress as one of the EU's goals: 'It shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment'. The social dimension in the EU has been widely discussed in recent years, both in response to socio-economic developments, such as rising inequalities, and as part of the reflection on the future of the EU. The European Commission published a reflection paper on the social dimension of the EU in April 2017, as the first in a series of five papers aimed at reflecting on the main challenges and possible EU instruments to tackle them. While the EU has relatively limited competences in the social area, the trend towards linking economic and social concerns is also visible in other EU initiatives. Social and environmental aspects are a crucial part of the Europe 2020 strategy for smart, sustainable and inclusive growth. Some examples of other ongoing efforts include developing the social dimension of the European and Monetary Union (EMU), establishing a Social Investment Package and dedicating part of the Investment Plan for Europe (known as the 'Juncker Plan') to social impact investment. Supporting convergence and ensuring social, economic and territorial cohesion is also an important goal of EU regional policy (also referred to as 'cohesion policy'). This regional funding accounts for about one third of the EU budget (€351.8 billion) and is equivalent to 8.5 % of public investment in the EU on average, reaching over 50 % in a number of countries. Cohesion policy investments can make a valuable contribution to achieving social progress, thanks to initiatives and projects in a variety of fields (e.g. social inclusion, education, technology, the environment, sustainable transport, small and medium-sized enterprises),in accordance with the policy's thematic objectives.

## Definition

Social progress is a multidimensional concept akin to social development and social evolution, with a strong focus on improving conditions that impact people's quality of life. The European Commission's 7th cohesion report of 2017 states that social progress can be defined as 'a society's capacity to meet the basic human needs of its citizens, to establish the basis for people and communities to improve and sustain their quality of life and to create the conditions for people to reach their full potential'.[1] A European Policy Centre paper on the role of cohesion policy in achieving a 'social triple A' calls economic and social progress two sides of the same coin, whereby GDP per capita plays only a partial role in achieving social progress, and recommends that policies take into account both social and economic aspects in delivering EU objectives. This approach is also in line with the EU's Beyond GDP initiative, which attempts to go beyond purely economic indicators and develop additional measurements providing a more comprehensive picture and accurate assessment of the state of European societies.

# Measuring social progress

In recent years, ways to measure the social aspects of life in the EU and the social impact of EU policies have proliferated. The EU governance framework, known as the European Semester, includes a social scoreboard, which accompanies the European Pillar of Social Rights, launched in 2017. The scoreboard features in the 2018 Joint Employment Report and includes data on several dimensions of the labour market and social inclusion, making it possible to detect key problems and assess convergence. The annual European Commission publication 'Employment and Social Developments in Europe' offers a wider variety of employment and social indicators, including characteristics of the labour market (such as activity rate and type of job contract), material deprivation, health and housing. The Europe 2020 strategy provides a set of indicators meant to measure EU progress in the areas of employment, research and development, climate change and energy, education, poverty and social exclusion. Furthermore, the 2009 Commission communication 'GDP and beyond: measuring progress in a changing world' provided a roadmap for improving EU social and environmental indicators, with a progress report on implementation published in 2013.

In addition to efforts to measure the state of social progress in the EU, a number of recent initiatives aim to measure the social impact of EU policies. As part of the 2015 better regulation agenda, the impact assessment of EU legislation was strengthened. This assessment became a requirement for proposed (mainly legislative) initiatives with a significant economic, environmental, and social impact. In the case of some EU policies, such as cohesion policy, a framework of indicators is included in the legislation on the European Structural and Investment Funds, in order to translate the impact of the policy into concrete results. Additional ways of measuring economic and social wellbeing in EU regions are also an important point of interest in EU research. Alongside initiatives to estimate the social impact of policies, there is also a trend to measure the social impact of public and private investments. Various new methodologies have been developed for measuring the social impact of enterprises and business initiatives, with numerous frameworks currently being refined and formalised, within the European Investment Bank and European Investment Fund, the European Commission, banking institutions and various organisations.

# EU regional Social Progress Index

## Introduction

As a way to measure social progress at EU regional level, the European Commission published the EU Regional Social Progress Index (EU-SPI) in 2016.[2] The index is an aggregate of 50 social and environmental indicators corresponding to three dimensions: basic human needs, foundations of wellbeing, and opportunity (see Figure 1). Specific indicators reflect various multidimensional aspects that define quality of life, such as infant mortality, life expectancy, overcrowding, personal safety, access to education and health care, broadband coverage, air quality, and tolerance. The indicators follow the overall framework of the global Social Progress Index, however, they are customised to the specific context of the EU. The data is drawn primarily from Eurostat and several other supporting sources.[3] Unlike scoreboards containing only sets of indicators, the SPI provides a single final score on a scale of 0-100, with 0 representing the lowest possible level of social progress. The 2016 edition of the regional Social Progress Index covers 272 regions in 28 EU Member States at the NUTS2 (Nomenclature of territorial units for statistics) level (see Map 1). A second edition of the EU-SPI is scheduled for 2019.

**Figure 1 – EU-SPI framework**

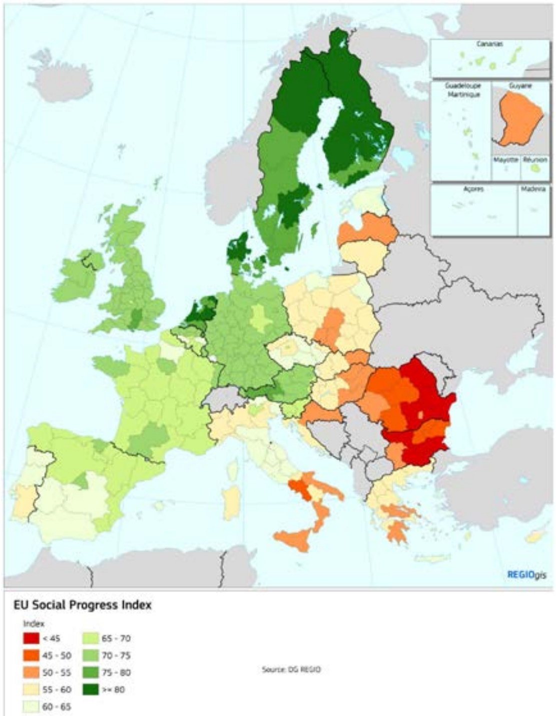

Source: European Commission, 2016.

## EU regional Social Progress Index findings 2016

Results show that social progress is highest in Nordic and Dutch regions, and lowest in Romanian and Bulgarian regions.[4] It is also moderately high in Austria, Germany, Luxembourg, Ireland and the United Kingdom (UK). Belgium and France have good overall scores, but wide internal variations.

Finland is the country with the smallest divergence across its regions, while Italy has the highest. Several large countries have more consistent scores than smaller countries (e.g. Germany and the UK), despite the size of their territory. Fourteen capital cities perform better than the country's average, but eight perform worse.

**Map 1 - EU regional Social Progress Index**

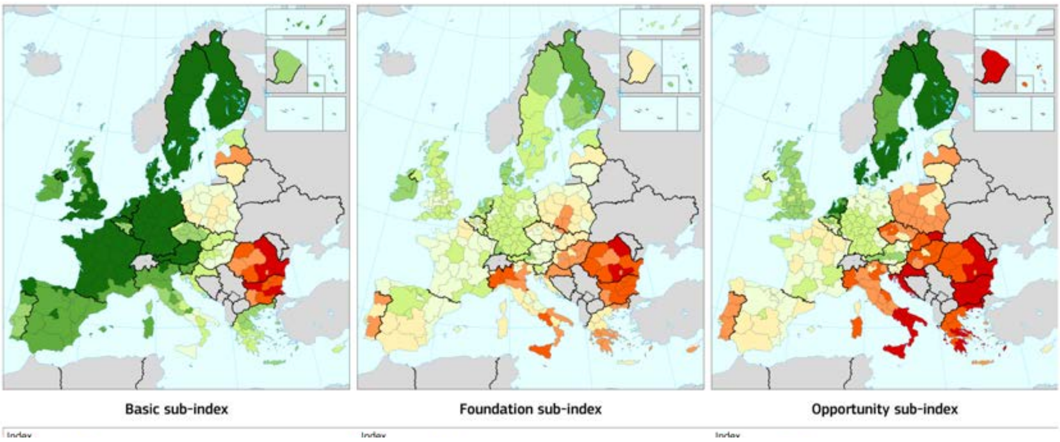



Source: European Commission, 2016.

Basic human needs (such as housing, water and sanitation, safety) are assured in almost all EU regions, with the exception of some regions in Member States which joined the EU in 2004 or after. When it comes to what are known as the 'foundations of wellbeing' (such as basic education, access to information, and environmental quality) the results show more variation. Only Ireland, the Netherlands and the Nordic Member States score highly in all of their regions. In general, performance on 'foundations of wellbeing' is lower in regions in newer entrants to the EU, the EU-13, but the divergence between EU-15 and EU-13 is not significant.[5] Some EU-13 regions outperform regions in Belgium, France, Germany and the UK, as well as Italy, Portugal and Spain (especially on education and environment indicators). However, all EU regions score worse on the 'opportunity' dimension (personal rights, and tolerance and inclusion) sub-index, which shows the biggest discrepancies between countries. The highest scores are recorded in the Netherlands and the Nordic states, with low scores in many southern and eastern regions. Most regions outside northern Europe have weak scores, with EU-13 countries facing particular challenges regarding tolerance and inclusion. In general, the 'basic human needs' and 'foundations of wellbeing' dimensions are showing signs of convergence, whereas 'opportunity' seems to be diverging (see Map 2). Overall, EU-15 countries perform better. However, aggregate social progress in central and eastern European regions (e.g. the Czech Republic, Poland and Slovakia) is similar to that of some regions of more established southern European Member States (e.g. Greece, Italy and Portugal).

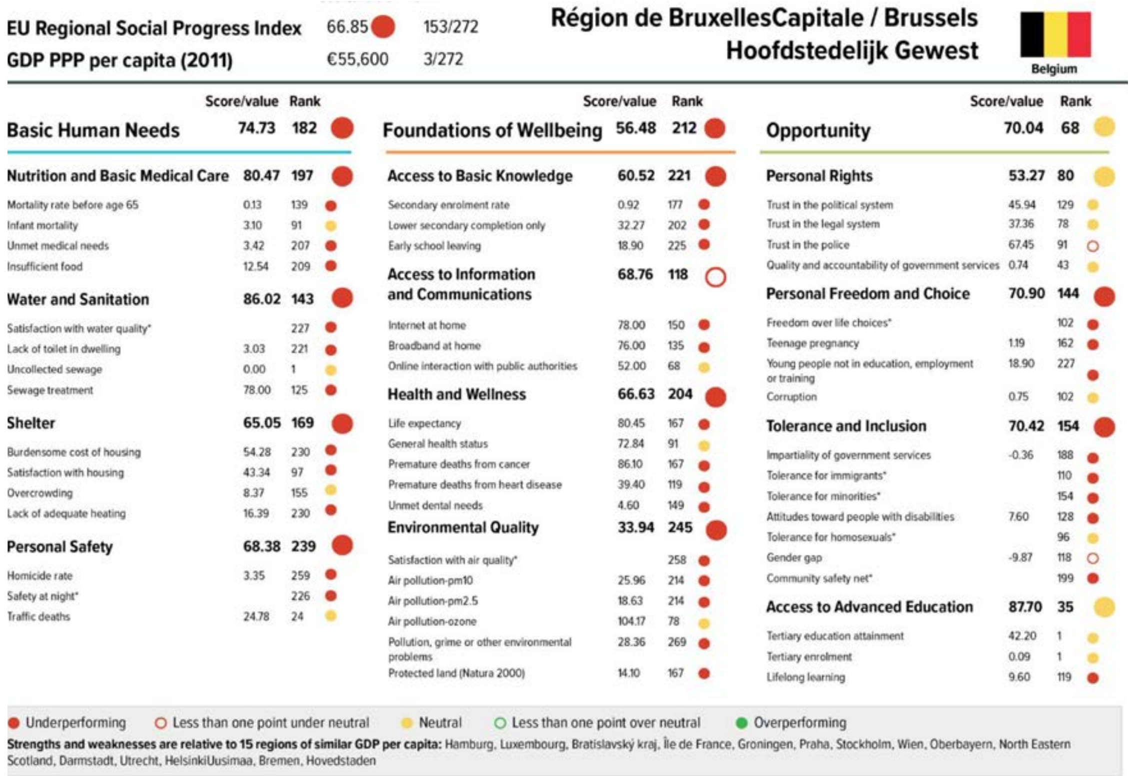
The index demonstrates that wealth (as measured by GDP per capita) does not automatically guarantee social progress. Although GDP does correlate with the SPI, regions with similar economic development levels can have vastly different social outcomes. For instance, the highest performing region, Upper Norrland in Sweden has the same GDP per capita as Bucharest (Romania), but scores much higher on social progress. The opposite situation is also possible – regions with very similar levels of social progress can have wildly differing GDP per capita. For instance, Brussels is among the richest regions in Europe but scores the same on social progress as Eastern Slovenia, with a GDP level only a third of that of Brussels. High GDP per capita is not therefore necessarily an indicator of high levels of social progress. In particular, access to basic knowledge, and environmental quality do not correlate significantly with per capita GDP. Interestingly, a detailed analysis of the findings shows that a closer relationship exists between social progress and household income than social progress and GDP per capita, while no significant relationship has been detected between the SPI and unemployment. On the other hand, social progress and competitiveness are highly correlated (which may indicate co-existence, not necessarily causation). However, it is important to note that in case of poorer regions, every extra euro of GDP per capita buys more social progress (especially in the 'basic human needs' dimension), but this relationship is less prominent for wealthy regions.

**Map 2 – EU regional Social Progress Index, three dimensions**




The SPI also enables a region's performance to be compared against a group of 15 regions with similar GDP per capita levels, thanks to additional scorecards with detailed indicators for each region (see Figure 2). This tool helps to identify strengths and weaknesses relative to economic peers. While a lower-income region may have a low score on a certain component, it can greatly exceed typical scores for regions with similar per capita incomes. Conversely, a high-income region may have a high absolute score on a component, but still underperform in relation to comparably wealthy regions. Many over-performing regions have relatively lower GDP per capita than their peers (e.g. Nordic and Netherlands regions), while many economically developed regions underperform relative to their peer group. This effect is especially visible in the case of capital regions. Cities such as Bucharest, Bratislava, Prague, Brussels, Luxembourg and London all have a relatively low level of SPI relative to regions with similar GDP per capita.

**Figure 2 – Example scorecard for Brussels-Capital region**



**Région de BruxellesCapitale / Brussels Hoofdstedelijk Gewest** — Belgium

| | | |
|---|---|---|
| EU Regional Social Progress Index | 66.85 | 153/272 |
| GDP PPP per capita (2011) | €55,600 | 3/272 |

| | Score/value | Rank |
|---|---|---|
| **Basic Human Needs** | **74.73** | **182** |
| **Nutrition and Basic Medical Care** | **80.47** | **197** |
| Mortality rate before age 65 | 0.13 | 139 |
| Infant mortality | 3.10 | 91 |
| Unmet medical needs | 3.42 | 207 |
| Insufficient food | 12.54 | 209 |
| **Water and Sanitation** | **86.02** | **143** |
| Satisfaction with water quality* | | 227 |
| Lack of toilet in dwelling | 3.03 | 221 |
| Uncollected sewage | 0.00 | 1 |
| Sewage treatment | 78.00 | 125 |
| **Shelter** | **65.05** | **169** |
| Burdensome cost of housing | 54.28 | 230 |
| Satisfaction with housing | 43.34 | 97 |
| Overcrowding | 8.37 | 155 |
| Lack of adequate heating | 16.39 | 230 |
| **Personal Safety** | **68.38** | **239** |
| Homicide rate | 3.35 | 259 |
| Safety at night* | | 226 |
| Traffic deaths | 24.78 | 24 |

| | Score/value | Rank |
|---|---|---|
| **Foundations of Wellbeing** | **56.48** | **212** |
| **Access to Basic Knowledge** | **60.52** | **221** |
| Secondary enrolment rate | 0.92 | 177 |
| Lower secondary completion only | 32.27 | 202 |
| Early school leaving | 18.90 | 225 |
| **Access to Information and Communications** | **68.76** | **118** |
| Internet at home | 78.00 | 150 |
| Broadband at home | 76.00 | 135 |
| Online interaction with public authorities | 52.00 | 68 |
| **Health and Wellness** | **66.63** | **204** |
| Life expectancy | 80.45 | 167 |
| General health status | 72.84 | 91 |
| Premature deaths from cancer | 86.10 | 167 |
| Premature deaths from heart disease | 39.40 | 119 |
| Unmet dental needs | 4.60 | 149 |
| **Environmental Quality** | **33.94** | **245** |
| Satisfaction with air quality* | | 258 |
| Air pollution-pm10 | 25.96 | 214 |
| Air pollution-pm2.5 | 18.63 | 214 |
| Air pollution-ozone | 104.17 | 78 |
| Pollution, grime or other environmental problems | 28.36 | 269 |
| Protected land (Natura 2000) | 14.10 | 167 |

| | Score/value | Rank |
|---|---|---|
| **Opportunity** | **70.04** | **68** |
| **Personal Rights** | **53.27** | **80** |
| Trust in the political system | 45.94 | 129 |
| Trust in the legal system | 37.36 | 78 |
| Trust in the police | 67.45 | 91 |
| Quality and accountability of government services | 0.74 | 43 |
| **Personal Freedom and Choice** | **70.90** | **144** |
| Freedom over life choices* | | 102 |
| Teenage pregnancy | 1.19 | 162 |
| Young people not in education, employment or training | 18.90 | 227 |
| Corruption | 0.75 | 102 |
| **Tolerance and Inclusion** | **70.42** | **154** |
| Impartiality of government services | -0.36 | 188 |
| Tolerance for immigrants* | | 110 |
| Tolerance for minorities* | | 154 |
| Attitudes toward people with disabilities | 7.60 | 128 |
| Tolerance for homosexuals* | | 96 |
| Gender gap | -9.87 | 118 |
| Community safety net* | | 199 |
| **Access to Advanced Education** | **87.70** | **35** |
| Tertiary education attainment | 42.20 | 1 |
| Tertiary enrolment | 0.09 | 1 |
| Lifelong learning | 9.60 | 119 |

Underperforming · Less than one point under neutral · Neutral · Less than one point over neutral · Overperforming

**Strengths and weaknesses are relative to 15 regions of similar GDP per capita:** Hamburg, Luxembourg, Bratislavský kraj, Île de France, Groningen, Praha, Stockholm, Wien, Oberbayern, North Eastern Scotland, Darmstadt, Utrecht, HelsinkiUusimaa, Bremen, Hovedstaden

Source: European Commission, 2016.

## Practical use

The EU-SPI can provide a comparable and policy-relevant measure of the social and environmental situation in all NUTS2 regions. In deliberately excluding economic indicators, the SPI offers measures of social progress that are complementary to the traditional indicators of economic performance, such as the GDP. Thus, the initiative contributes to the 'beyond GDP' debate, acknowledging the need to strike a balance between measuring social progress and economic performance to provide a comprehensive overview of situation in EU regions.

According to the European Commission, the SPI can be used to identify strengths and weaknesses and support peer learning from regional peers at various levels of economic development. It can also inform regional development strategies, by helping identify investment priorities and evaluate progress towards regional development goals. This could possibly include supporting the practical implementation of cohesion policy in its ambition to make regional development more results-oriented. The SPI can therefore help regions to prioritise issues they wish to address with their cohesion policy programmes and help monitor whether the programmes 'address the right issues in the right places'. As it includes indicators that measure outcomes rather than inputs, the SPI covers matters that can be directly addressed by policy intervention. While the index provides an opportunity to develop a common performance management framework, it is currently not used for funding allocation in the context of cohesion policy. The European Commission uses it to provide information on social progress in EU regions.

Workshops on SPI pilot projects in several EU regions have been ongoing since October 2016. These regions include: Lower Silesia (Poland), Barking and Dagenham (London, United Kingdom), Catalonia (Spain), Helsinki-Uusimaa (Finland) and Bratislava (Slovakia). The activities piloted include exploring the use of the SPI as a tool for improving regional governance, project management, policy decision-making, budgeting, capacity building, and facilitation of inter-regional and international cooperation. The SPI can be tested by regional and/or national authorities to monitor performance, prioritise investments, and measure the progress of EU regional development programming. In April 2018 the European Commission announced a call for tenders regarding a 'Pilot project: Measuring what matters to EU Citizens: Social Progress in the European Regions'. Its aim is to set up a network of regional authorities willing to test the EU-SPI as a way of monitoring of their social policy. The findings of this one-year project will feed into the next edition of the EU-SPI in 2019.

## European Parliament

A 2011 European Parliament resolution on 'GDP and beyond – Measuring progress in a changing world' supported the Commission's 'beyond GDP' initiative and stressed the need to develop indicators measuring medium- and long-term economic and social progress, as well as quality of life in societies. In its 2013 resolution on 'Strengthening the social dimension of the EMU', Parliament stated that while the implementation of the social dimension of the EMU is subject to the subsidiarity principle, there is a need to ensure that economic governance respects the social dimension. It also urged the EU to show its citizens that it is 'capable of promoting social progress' and 'making the social consequences of economic and other policies more transparent through ex ante and ex post impact assessments or monitoring'. It recognised improved indicators as 'a possible way of ensuring comprehensive coverage of the Member States' employment and social situations'. Parliament's 2017 resolution on the 'European Semester for economic policy coordination: Employment and Social Aspects in the Annual Growth Survey 2017' welcomed 'the progress towards achieving a balance between the economic and social dimensions of the European Semester process'. It called for socially and economically balanced structural reforms and strategic investments to be promoted in EU regions to ensure social and economic cohesion. The 2017 resolution on building blocks for a post-2020 EU cohesion policy emphasised that better indicators, such as the SPI, are needed to provide a comprehensive picture of regional development and strengthen the result and performance orientation of the policy.

## Outlook

As the reflection process initiated in 2017 demonstrates, the social dimension is likely to play an increasing role in the EU. Recent initiatives to embed it in the EU economic governance framework and the EMU show the need to find an optimal balance between economic and social concerns. The debate on the future of Europe is currently ongoing, both in the context of the 2019 European Parliament elections and the upcoming post-2020 policy framework. A high-level Social Summit for Fair Jobs and Growth took place in Sweden on 17 November 2017, with a focus on labour markets, social protection systems and social dialogue. Future EU policies are likely be geared towards balancing economic development and social progress, responding to socio-economic developments and public concerns. With growing evidence that economic growth alone does not bring equal benefits for all members of society and in all areas that have an impact on quality of life, social investments seem increasingly important. Cohesion policy funding can be a driver for social progress and greater social cohesion, addressing issues that may hide behind good macroeconomic performance. New indicators and measurements complementary to the economic ones provide a fuller picture of the socio-economic situation in EU countries and regions, identifying areas that require intervention. They can serve as tools supporting policy-making and policy implementation, but their practical use in policy is still being developed. While they already help to provide an overview of the socio-economic situation, monitor trends, improve reporting and evaluate progress, the challenge is still to make them part of the policy cycle, in order to achieve tangible change.

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# Endnotes

[1] This definition follows that used by the Global Social Progress Index, which is currently available for 128 countries worldwide.

[2] The EU regional Social Progress Index is the result of a three-year joint project between the Directorate-General for Regional and Urban Policy of the European Commission (DG REGIO), the Social Progress Imperative, and Orkestra-Basque Institute of Competitiveness.

[3] Other data sources include computations by DG REGIO, the European Environment Agency (EEA), European Union Statistics on Income and Living Conditions (EU-SILC), the Gallup World Poll, the Quality of Government Institute of the University of Gothenburg, and Eurobarometer.

[4] This and the following sub-section is based on the following sources: the 7th Cohesion report, European Commission, September 2017 and the 2016 methodological paper on the EU regional SPI, prepared by the European Commission's DG REGIO.

[5] EU-13, sometimes referred to as the 'new Member States', includes countries that acceded to the EU between 2004 and 2013: Cyprus, Czech Republic, Estonia, Hungary, Lithuania, Latvia, Malta, Poland, Slovenia, Slovakia, Bulgaria, Romania, and Croatia. The EU-15 (sometimes referred to as the 'old Member States') includes: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, and the United Kingdom.




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